

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

/106 W

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R 051917Z AUG 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3696

INFO USMISSION EC BRUSSELS

AMCONSUL BORDEAUX

USMISSION GENEVA

USDEL MTN GENEVA

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DEPT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, FR

SUBJECT: POULTRY/COGNAC

REF: PARIS 22655

1. SUMMARY: GOF DEMARCHE MADE TO EMBASSY AUGUST 4 ON COGNAC, IN WHICH ACTION TAKEN BY USG IN PUBLISHING IN FEDERAL REGISTER NOTICE OF INTENT TO INCREASE DUTY ON COGNAC WAS DESCRIBED AS RECEIVED BY GOF WITH GREAT DISTRESS, AND AS CONTRARY TO DEVELOPING SPIRIT OF FRANCO/AMERICAN RAPPORT AND JOINT EFFORTS TO RESOLVE PROBLEMS ON INTERNATIONAL ECONOMIC SCENE. THIS ACTION POSES DIFFICULT POLITICAL PROBLEM FOR GOF AND, PENDING MORE COMPLETE ANALYSIS OF SITUATION, GOF  
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RESERVES FULLY ITS POSITION IN THIS MATTER. NO PUBLIC

OUTCRY AS YET, BUT IT CAN BE EXPECTED. PRESS  
GUIDANCE REQUESTED.

2. ON AUGUST 4 THE EMBASSY'S MINISTER-COUNSELOR FOR  
ECONOMIC AND COMMERCIAL AFFAIRS WAS SUMMONED TO THE  
FOREIGN OFFICE BY HENRI FROMENT-MEURICE, DIRECTOR OF  
ECONOMIC AND FINANCIAL AFFAIRS, TO RECEIVE GOF DEMARCHE  
CONCERNING THE NOTICE OF INTENTION WHICH HAD BEEN  
PUBLISHED IN THE FEDERAL REGISTER CONCERNING COGNAC.

3. TO UNDERLINE THE SERIOUSNESS OF THE SITUATION,  
FROMENT-MEURICE HAD ANOTHER OFFICER PRESENT (AS HE HAD  
NEVER DONE BEFORE IN THE PAST TEN MONTHS) TO TAKE  
NOTES WHILE HE EXPRESSED IN MEASURED BUT EXPLICIT  
TERMS HIS GOVERNMENT'S GREAT DISTRESS CONCERNING THE  
PUBLICATION OF THIS NOTICE. HE SAID NEWS OF THIS  
PUBLICATION HAD BEEN RECEIVED WITH MUCH REGRET, THAT  
IT WAS NOT AT ALL A GOOD THING FOR FRANCO-AMERICAN  
RELATIONS, AND WAS NOT AT ALL IN KEEPING WITH THE  
DEVELOPING SPIRIT OF FRANCO-AMERICAN RAPPORT. HE SAID  
THE GOF WAS THE MORE DISTRESSED BY THIS ACTION, SINCE  
IT WAS TAKEN DURING A VERY SENSITIVE PERIOD, AT THE  
VERY MOMENT WHEN EARNEST FRANCO-AMERICAN EFFORTS WERE  
BEING MADE TO RESOLVE PROBLEMS ON THE INTERNATIONAL  
ECONOMIC SCENE (THE REFERENCE WAS TO CURRENT DISCUSSIONS  
WITH RESPECT TO THE FUTURE OF CIEC).

4. FROMENT-MEURICE OBSERVED THAT THE GOF IS AS A  
RESULT FACED WITH A VERY DIFFICULT POLITICAL PROBLEM  
WITH PARTICULAR REGARD TO THE COGNAC GROWERS IN THE  
BORDEAUX AREAS AND IT WILL BE DIFFICULT TO EXPLAIN  
TO THEM WHY THE USG APPEARS TO BE RETALIATING AGAINST  
FRANCE FOR ACTIONS THE EEC HAS FAILED TO TAKE.

5. HE ADDED THE GOF HAS NOT YET HAD TIME TO ANALYZE  
THE SITUATION, BUT WAS INFORMING US NOW THAT IT WAS  
RESERVING ITS POSITION FULLY PENDING THE RESULTS OF ITS  
STUDY.

6. MINECON EXPLAINED THAT, BY COINCIDENCE, AT SAME  
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MOMENT THIS SUBJECT WAS BEING DISCUSSED BY FROMENT-  
MEURICE, ANOTHER U.S. EMBASSY OFFICER WAS IN THE  
OFFICE OF MR. DEMOREL, DIRECTOR OF FOREIGN ECONOMIC  
RELATIONS FOR THE MINISTRY OF FOREIGN TRADE, EXPLAINING  
TO ONE OF DEMOREL'S COLLEAGUES, IN DEMOREL'S ABSENCE,  
THE IMPLICATIONS OF THIS ACTION AND INQUIRING ABOUT  
GOF INTENTIONS. (REFTEL). HE CALLED ATTENTION TO THE  
AUGUST 6 DEADLINE IN THE TEXT OF THE NOTICE IN THE

FEDERAL REGISTER, WHICH THE EMBASSY HAD JUST RECEIVED  
ON AUGUST 4, AND ADVISED FROMENT-MEURICE OF THE  
EMBASSY INTERPRETATION THAT A PHONE CALL FROM THE  
FRENCH EMBASSY IN WASHINGTON TO STR SHOULD SUFFICE  
AS NOTICE OF ANY FRENCH INTENTION TO APPEAR AT THE  
HEARING SCHEDULED FOR SEPTEMBER 1. HE ASKED IF  
FROMENT-MEURICE HAD ANY IMPRESSION ABOUT THE PROSPECTS  
FOR ANY MODIFICATION OF THE FRENCH SANITARY REGULA-  
TIONS FOR POULTRY, WHICH HAD EARLIER BEEN MENTIONED  
AS ONE OF THE POSSIBLE ACTIONS WHICH MIGHT JUSTIFY

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CONTINUANCE OF THE SEVENTEEN DOLLAR PRICE BREAK.  
FROMENT-MEURICE REPLIED THAT SUCH A CHANGE WOULD BE  
EXTREMELY DIFFICULT: AT LEAST THREE MINISTRIES ARE

INVOLVED, AND IN ANY CASE A PROPOSAL TO CHANGE REGULATIONS AGAINST THE INCLUSION OF ARSENIC IN POULTRY FEED WOULD NOT BE ONE FOR WHICH ANY ADVOCATE ON THE FRENCH SIDE COULD BE FOUND, AS INTERESTED PARTIES IN THE GOF HAVE ALREADY DISCOVERED. HE ADDED THAT THIS REGULATION IS IN NO SENSE A SUBTERFUGE FOR PROTECTIONISM, BUT REFLECTS A GENUINE AVERSION TO IMPORTING POULTRY PRODUCTS WHICH MIGHT CONTAIN ARSENIC, AND THE HEALTH MINISTRY IS PARTICULARLY SENSITIVE TO TAMPERING WITH SUCH REGULATIONS.

7. MINECON REHEARSED BACKGROUND OF THIS SITUATION,  
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GOING BACK TO AN UNDERSTANDING IN 1974 THAT THIS CONCESSION ON COGNAC WOULD BE MADE FOR A TWO-YEAR PERIOD IN EXCHANGE FOR A CONCESSION ON IMPORT OF POULTRY PRODUCTS INTO THE EEC -- THE LATTER BEING A CONCESSION WHICH WAS NEVER FORTHCOMING. THE TWO YEARS HAD NOW RUN AND A NOTICE OF INTENT TO REMOVE THE PRICE BREAK HAD BEEN PUBLISHED ACCORDINGLY.

8. COMMENT: FACT IS THAT, AS WAS SPELLED OUT IN THE AMBASSADOR'S LETTER OF JULY 15 TO AMBASSADOR DENT, WE FIND IT DIFFICULT TO EXPLAIN THIS ACTION IN A WAY WHICH WILL APPEAR FAIR OR REASONABLE TO THE FRENCH PUBLIC. PLACING THE MATTER IN THE CHICKEN WAR CONTEXT LOOKS AS IF WE ARE PENALIZING FRANCE FOR A COMMUNITY DEFICIENCY FOR WHICH FRANCE ALONE CANNOT BE HELD RESPONSIBLE. AS OF THE MORNING OF AUGUST 5, THIS MATTER HAS STILL NOT HIT THE FRENCH PRESS, BUT WE ARE SURE TO BE GETTING INQUIRIES SHORTLY. IN THAT EVENT, WE WILL TAKE THE LINE SET FORTH IN PRESS GUIDANCE IN STATE 193532, JUST RECEIVED. WE ALSO PROPOSE TO REFER TO WASHINGTON ANY ADDITIONAL INQUIRIES CONCERNING BACKGROUND AND POLICY CONSIDERATIONS INVOLVED IN THIS DECISION.

GAMMON

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## Message Attributes

**Automatic Decaptoning:** X  
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**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
**Draft Date:** 05 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Reference:** 76 PARIS 22655  
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**Review Authority:** ShawDG  
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**Review Content Flags:**  
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**Subject:** POULTRY/COGNAC  
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